

Executive Summary

By 2035, HSR can annually add roughly \$255 million in new spending in the Orlando area; \$360 million in the Los Angeles area; \$50 million in the Chicago area; and more than \$100 million in the greater Albany area.

This report assesses High-Speed Intercity Passenger Rail's economic impact on city and regional economies. It examines job creation, the effects of improved market access, greater connectivity, work-related travel time savings, as well as increased income and business sales.

There are many proposals for future high-speed rail service. The U.S. Dept. of Transportation has endorsed the concept of developing both 110 mph and 220 mph services. To date, only preliminary funding for a few lines has been approved, and even for those lines, many questions remain about specific details of their design, finances, and operations. This study does not seek to take positions regarding specific alignments, stations, speeds or development time frames. Rather, it recognizes that the nature of high-speed rail service may evolve over a period of several decades as initial high-speed rail lines are upgraded and extended, and new services are introduced. Thus, the scenarios examined here are intended to span the full range of proposed and potential future rail service characteristics—including both 110 mph and 220 mph high-speed rail service.

Each of the four cities selected to represent metropolitan areas impacted by planned high-speed rail—Los Angeles, Chicago, Orlando and Albany (N.Y.)—represent different sized communities in different parts of the United States. Each also faces differing economic opportunities depending on the service speeds provided. All four cities, however, shared the following in common when it comes to the effects of high-speed rail on economic growth:

First, HSR service can help drive higher-density, mixed-use development at train stations. In Chicago, the Central Area Action Plan calls for development of new office development enabled by a coordinated strategy of local transit, HSR, and airport express connectors. Current plans for the expansion of Chicago's Union Station call for the addition of an 18-story tower over the station. At the Albany-Rensselaer station, plans have been announced for DeLaet's Landing, a mixed-use office, residential, and hotel development at an adjacent site. In Orlando, plans call for a new "Medical City" technology park next to the airport and its HSR station and

for hotel construction surrounding the Convention Center station. In Los Angeles, the Alameda District Master Plan envisions large-scale mixed-use development adjacent to Union Station. The local development stakes are high in each city. If implemented, development at Albany-Rensselaer could support 2,000 jobs; Chicago, 5,000 jobs; Orlando, 10,000 jobs; and Los Angeles, 10,000 jobs.

Second, HSR service can increase business productivity through travel-efficiency gains. Travel efficiency can come from four sources: (1) The time and cost savings in travel time for those who could use HSR service; (2) Time and cost savings for car and truck travelers who benefit from reduced road congestion; (3) Time and cost savings for airport users who benefit from reduced air delays due to congestion at airports and their access routes; and (4) Additional benefits for travelers without car access who are now able to travel to places that were previously unavailable to them. All four are considered benefits to society.

Third, HSR service can help expand visitor markets and generate additional spending. In all four cities, ridership increases are projected by implementing HSR service. A portion of the riders will be local residents traveling to outside locations. Another includes outsiders who already come to these cities via car or airplane but will shift to use of new high-speed rail. An additional portion represents new tourism, conference, and business trips to the case study cities. These travelers will generate spending at local hotels, restaurants, and retail stores. That new spending will grow over time. Projections show that by 2035, HSR can annually add roughly \$255 million in the Orlando area; \$360 million in the Los Angeles area; \$50 million in the Chicago area; and more than \$100 million in the greater Albany area.

Fourth, HSR service can broaden regional labor markets. Expanding the distances that people can travel in a two- to three-hour trip provides businesses with access to more workers with specialized skills, while skilled workers can access employers with more specialized needs. These expanded markets offer important new opportunities, especially in an era of flexible work

schedules where daily commutes are not required. In Los Angeles, high-speed rail is anticipated to increase such commuting from outlying areas such as Palmdale and business trips from the Central Valley and San Diego. In Orlando, high-speed rail will enable commuting from the Lakeland area and day trips from Tampa. In Chicago, high-speed rail will enable commuting from the Milwaukee area and day trips from cities such as Madison. In Albany, faster trains can bring the local area to within the range of a commute or an easy one-day business day trip to New York City.

Fifth, HSR service can support the growth of technology clusters. In each case, high-speed rail service also provides particular opportunities to support the development of technology clusters by enhanced day-trip links between R&D and university research centers as well as sites where advanced products are produced. In Albany, a national center for nanotechnology has been developed and economic developers see a strong opportunity for high-speed rail to support regional connections to medical institutions, research institutions and universities in Rochester, Syracuse, New York City and Boston, as well as better access to venture capital sources in New York City. In Orlando, there is a concentration of aerospace, security and national defense technology firms that stand to benefit from high-speed rail connections to Cape Canaveral and the Space Coast. The region's concentration of medical research, pharmaceutical, and health-care sectors is also expected to benefit from stronger travel connections to the Tampa and Miami areas. In Chicago, high-speed rail will enhance linkages between local research centers focusing on clean energy, physics and biotechnology as well as other technology R&D centers in Madison, Champaign/Urbana and Peoria. In the Los Angeles area, there is a cluster of national defense technology firms in Palmdale, near Edwards Air Force base, that will benefit from access to a more widely dispersed base of workers, consultants and specialists who can access the area via high-speed rail.

Conclusions

High-speed intercity rail service will create significant economic development opportunities for all types of cities. Jobs, wages, business sales and value-added will significantly increase with the introduction

of high-speed rail services. For larger cities, HSR service will improve access to labor markets and consolidate higher-end business, financial, and cultural/tourism services. For mid-sized and smaller cities, high-speed rail service will expand access to specialized regional talent and help leverage local investments for accessing larger markets.

High-speed rail service needs to facilitate and optimize local and regional connections. In all four cities, the ultimate impact on regional economic growth depends on the effectiveness of connections between high-speed rail stations and the surrounding area. Where entirely new rail lines are planned—such as in Los Angeles and Orlando—there is an immediate opportunity to design new stations to enhance connectivity to airports, convention centers, and tourism sites. In cities where existing rail lines will be used—such as in Chicago and Albany—service upgrades will initially be in the form of speed and schedule improvements and are expected to occur in stages. These decisions will ultimately have important implications for the economic development associated with improving connections between cities, airports, and tourism venues.

Potential economic development impacts need to be placed in a broader, long-term economic perspective. The economic development impact of HSR service should be viewed in the broader context of a changing economy. While telecommuting and Internet conferencing are growing, long-term trends also show growth of long-distance tourism, professional convention business in major cities, as well as exponential growth in airplanes and urban delivery vehicles servicing overnight parcels.

Changes in trade regulation are also resulting in new domestic and global markets and supply chains. The development of high-tech clusters and the need for professional interaction is also creating new travel demand patterns. These and other trends will place additional burdens on the nation's transportation infrastructure. High-speed rail can help cities and metropolitan areas meet these challenges while also being a significant catalyst for economic growth and job creation.

Jobs, wages, business sales and value-added will significantly increase with the introduction of high-speed rail services.